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TO RUEHRL/AMEMBASSY BERLIN PRIORITY 8711
RUEHCP/AMEMBASSY COPENHAGEN PRIORITY 9623
RUEHLO/AMEMBASSY LONDON PRIORITY 1258
RUEHLE/AMEMBASSY LUXEMBOURG PRIORITY 5274
RUEHMD/AMEMBASSY MADRID PRIORITY 0400
RUEHNY/AMEMBASSY OSLO PRIORITY 7049
RUEHOT/AMEMBASSY OTTAWA PRIORITY 3337
RUEHFR/AMEMBASSY PARIS PRIORITY 2223
RUEHTC/AMEMBASSY THE HAGUE PRIORITY 4031
RUEHSM/AMEMBASSY STOCKHOLM PRIORITY 6447
RUEHHE/AMEMBASSY HELSINKI PRIORITY 1158
RUEHRK/AMEMBASSY REYKJAVIK PRIORITY 9150
RUEHSW/AMEMBASSY BERN PRIORITY 5187
RUEHVI/AMEMBASSY VIENNA PRIORITY 6926
RUEHRO/AMEMBASSY ROME PRIORITY 8938
RUEHKO/AMEMBASSY TOKYO PRIORITY 7205
RUEHUL/AMEMBASSY SEOUL PRIORITY 9539
RUEHBS/USEU BRUSSELS PRIORITY
INFO EU MEMBER STATES COLLECTIVE PRIORITY
RUEHMU/AMEMBASSY MANAGUA PRIORITY 8290
RUEHRN/USMISSION UN ROME PRIORITY 0508
RUEHUNV/USMISSION UNVIE VIENNA PRIORITY 4267
RUEHGV/USMISSION GENEVA PRIORITY 5148
RUCNDT/USMISSION USUN NEW YORK PRIORITY 4219

UNCLAS SECTION 01 OF 02 STATE 132044

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: [EAID](#) [PGOV](#) [PREL](#) [NU](#)
SUBJECT: DEMARCHE ON ASSISTANCE TO NICARAGUA FOLLOWING
FRAUDULENT ELECTIONS

REF: A. STATE 122262
 B. MANAGUA 1422
 C. MANAGUA 1411
 D. MANAGUA 1393
 E. MANAGUA 1392
 F. MANAGUA 1384

11. (U) This is an action request. See para 6.

12. (U) The Nicaraguan Government's decision to certify the badly flawed November 9 municipal election results short-circuited a domestic and international effort to review the disputed vote count. Credible sources have reported that the GON closed many voting stations early while people were waiting to vote, annulled and discarded legitimate marked ballots, rigged vote tallies, excluded opposition poll watchers from some voting stations and from the central tabulation center, and denied accreditation to credible domestic and international observers. Efforts by opposition parties and others to obtain a review of the results in the presence of observers were forcefully, and often violently, suppressed. Canada, the European Union, OAS Secretary General Insulza, the Carter Center, and other NGOs within and outside of Nicaragua have condemned the GON's behavior.

13. (SBU) The USG believes the international community should send a clear message to the GON that violations of democratic norms have a cost. Actions by multiple countries will be more effective in making this point than unilateral actions by a single country. We believe suspension of assistance programs, except for humanitarian help channeled through non-GON sources, is an appropriate response to the GON's actions. Since external assistance accounts for approximately 25 percent of GON budgetary inflows, the GON will feel the impact quickly. Such a concerted message increases the possibility of persuading the GON leadership to reconsider its current disregard for democratic practice, and

to explore possible solutions to this electoral dispute.

¶4. (SBU) A November 18 statement issued by the Donors Group of Nicaragua expressed concern over the conduct of the elections and noted that development cooperation requires a commitment by political leaders and public officials to democratic principles such as free and transparent elections.

(Note: The Donors Group consists of Austria, Canada, Denmark, Finland, France, Germany, Iceland, Italy, Japan, Luxembourg, the Netherlands, Norway, Spain, Sweden, Switzerland, the United States, the British Ministry for International Development, the European Commission, the Inter-American Development Bank, and the World Bank. End note). We welcome actions already taken by some countries to eliminate or reduce budgetary support to the GON. (Note: To our knowledge, the following countries have reduced budgetary support to the GON since the run-up to the elections: Finland, Germany, Great Britain, the Netherlands, and Sweden. End note). We urge other countries to follow their lead.

¶5. (SBU) For its part, the U.S. has suspended its Millennium Challenge Corporation (MCC) compact with Nicaragua. In a December 5 letter to President Ortega, MCC Chief Executive Officer Ambassador John Danilovich expressed grave concerns over the conduct of the elections and noted the previously-announced (on November 25) suspension of disbursements for all activities and projects not already

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contracted by MCA-Nicaragua. This means that approximately USD 64 million of the total USD 175 million five-year compact will be frozen. At the December 11 meeting, the MCC Board of Directors called on Nicaragua to develop and implement a comprehensive set of measures to address concerns regarding the government's commitment to democratic principles. The Board will review the response of the Nicaraguan government and determine subsequent actions at its next meeting in March 2009. The U.S. is also reviewing other forms of assistance to Nicaragua.

¶6. (SBU) Action addressees are requested to approach host governments at the appropriate level and deliver a demarche to achieve the following objectives:

-- gain host country agreement to suspend its current assistance to Nicaragua and freeze any planned new assistance, except for any explicitly intended for humanitarian purposes and channeled through non-GON institutions.

-- make explicit to the GON that the decision to suspend assistance is directly linked to its handling of the November 9 municipal elections.

-- underscore the importance of Nicaragua undertaking concrete steps to address the causes of the electoral impasse) such as comprehensive reform of electoral laws and institutions) before assistance is restored.

¶7. (U) Posts should report results of efforts by cable to WHA/CEN Nicaragua desk officer Albert Kraaimoore (202-647-1510) by December 24.
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